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(Original Signature of Member)

109TH CONGRESS
1ST SESSION

H. R. _____

To amend title 49, United States Code, to provide for stable, productive, and efficient passenger rail service in the United States, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. YOUNG of Alaska (for himself and Mr. OBERSTAR) (by request) introduced the following bill; which was referred to the Committee on

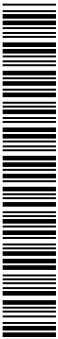
A BILL

To amend title 49, United States Code, to provide for stable, productive, and efficient passenger rail service in the United States, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Passenger Rail Investment Reform Act”.



1 (b) TABLE OF CONTENTS.—The table of contents of
2 this Act is as follows:

- Sec. 1. Short title; table of contents.
Sec. 2. Purposes; definitions.

TITLE I—NATIONAL PASSENGER RAIL SERVICE RESTRUCTURING

- Sec. 101. Board of Directors of Amtrak.
Sec. 102. Passenger rail service restructuring.
Sec. 103. North East Corridor Compact.
Sec. 104. Assistance to address capital needs.
Sec. 105. Employee transition assistance; authorization.
Sec. 106. Limit on operating assistance for long-distance routes.
Sec. 107. Repeal of obsolete and executed provisions of law; other.

TITLE II—FINANCIAL REFORMS

- Sec. 201. Limitations on availability of grants.
Sec. 202. Spending plans for capital backlog reduction.
Sec. 203. Redemption of common stock.
Sec. 204. Retirement of preferred stock; transfer of assets.
Sec. 205. Real estate and asset sales; other.
Sec. 206. Management and transfer of secured debt.
Sec. 207. Transition assistance.

TITLE III—GRANTS AND OTHER ASSISTANCE FOR INTERCITY
PASSENGER RAIL SERVICE

- Sec. 301. Capital assistance for intercity passenger rail service.
Sec. 302. Final regulations on applications by States for development grants.
Sec. 303. Authority for interstate compacts for corridor development.

3 **SEC. 2. PURPOSES; DEFINITIONS.**

4 (a) PURPOSES.—The purposes of this Act are to—

5 (1) preserve an intercity passenger rail service
6 system in the United States that is driven by sound
7 economics;

8 (2) provide a transition from the existing struc-
9 ture for providing such service to a structure that is
10 more aligned with existing and emerging transpor-
11 tation needs;



1 (3) develop a system that provides high quality
2 passenger rail service at a reasonable cost;

3 (4) establish a long-term partnership among the
4 States and the Federal Government to support inter-
5 city passenger rail service; and

6 (5) create an effective public-private partner-
7 ship, after a reasonable transition, to manage the
8 capital assets of the Northeast Corridor.

9 (b) DEFINITIONS.—In this Act,

10 (1) “Year One” means the next Federal fiscal
11 year to begin after the date of enactment of this
12 Act, except that the term means the current Federal
13 fiscal year if the date of enactment of the Act is
14 within 60 days of the first day of the current Fed-
15 eral fiscal year.

16 (2) “Year Two”, “Year Three”, “Year Four”,
17 “Year Five”, and “Year Six” mean, respectively, the
18 Federal fiscal year that follows year one by one, two,
19 three, four, and five years, respectively.

20 **TITLE I—NATIONAL PASSENGER**
21 **RAIL SERVICE RESTRUCTURING**

22 **SEC. 101. BOARD OF DIRECTORS OF AMTRAK.**

23 Section 24302 of title 49, United States Code, is
24 amended to read as follows:



1 **“§ 24302. Board of Directors**

2 “(a) MEMBERSHIP.—(1) The Transition Board of
3 Directors of Amtrak shall consist of 11 voting members,
4 including—

5 “(A) the Secretary of Transportation, or an of-
6 ficer of the United States within the Department of
7 Transportation appointed by the President, by and
8 with the advice and consent of the Senate, and com-
9 pensated under the Executive Schedule under title 5,
10 United States Code, who is designated by the Sec-
11 retary (hereafter in this section the ‘Secretary’s dele-
12 gate’); and

13 “(B) 10 other members appointed by the Presi-
14 dent, by and with the advice and consent of the Sen-
15 ate.

16 “(2) The President of Amtrak shall serve as an ex
17 officio, nonvoting member of the Board of Directors.

18 “(b) COMPENSATION.—Each member of the Board of
19 Directors shall not be compensated for service as such
20 member, but shall receive with respect to such service
21 travel expenses, including per diem in lieu of subsistence,
22 in accordance with sections 5702 and 5703 of title 5.

23 “(c) TERM OF OFFICE.—Members serving un-expired
24 terms on the date of enactment of this section may con-
25 tinue to serve until the earlier of the expiration of their
26 terms or the date on which the restructuring mandated



1 under section 24310 of this title is implemented. Members
2 appointed by the President under subsection (a)(1)(B)
3 shall serve for a term that expires on the date the restruc-
4 turing mandated in section 24310 of this title is imple-
5 mented. At the expiration of their terms, members of the
6 Board shall be eligible to serve as members of the boards
7 of successor corporations to Amtrak.

8 “(d) QUORUM.—At any time after the date of enact-
9 ment of this section, a majority of the Board members
10 who have been lawfully appointed shall constitute a
11 quorum for purposes of conducting Board meetings and
12 making all necessary decisions regarding the operations,
13 structure, and business affairs of Amtrak.

14 “(e) TRANSITION COMMITTEE.—(1) The Board of
15 Directors shall form an Asset Transition Committee com-
16 prised of the Secretary, or the Secretary’s delegate, and
17 two other members, or one other member if two other
18 members are not lawfully appointed.

19 “(2) In addition to other powers and duties assigned
20 by the Board, the Asset Transition Committee has the
21 duty to ensure that the public interest is served in Board
22 decisions and Amtrak management actions that change
23 the use of or status of (A) the contractual right of access
24 of Amtrak to rail lines of other railroads; (B) Amtrak se-



1 cured debt; (C) Northeast Corridor real property and as-
2 sets; and (D) rolling stock.

3 “(3) The Board may not take an action with regard
4 to the assets or secured debt specified in paragraph (2),
5 or permit an Amtrak management action with regard to
6 those assets, that is not approved by the Asset Transition
7 Committee.

8 “(f) MODIFICATION OF BOARD AFTER RESTRUC-
9 TURING.—(1) Upon the commencement of operations of
10 the Passenger Rail Service Provider and the Passenger
11 Rail Infrastructure Manager under section 24310 of this
12 title, the Board of Directors of Amtrak shall consist of—

13 “(A) the Secretary of Transportation;

14 “(B) the Federal Railroad Administrator or an-
15 other officer of the United States within the Depart-
16 ment of Transportation appointed by the President,
17 by and with the advice and consent of the Senate,
18 and compensated under the Executive Schedule
19 under title 5, United States Code, who is designated
20 by the Secretary; and

21 “(C) the Federal Transit Administrator or an-
22 other officer of the United States within the Depart-
23 ment of Transportation appointed by the President,
24 by and with the advice and consent of the Senate,
25 and compensated under the Executive Schedule



1 under title 5, United States Code, who is designated
2 by the Secretary.

3 “(2) Upon the designation of directors by the Sec-
4 retary under paragraph (1), and with the exception of the
5 Secretary of Transportation, the members of the Transi-
6 tion Board of Directors shall no longer serve as appointees
7 of the President to the Amtrak Board of Directors, but
8 shall instead become members of the Board of Directors
9 of the entities referred to in Federal law as the ‘Passenger
10 Rail Service Provider’ or the ‘Passenger Rail Infrastruc-
11 ture Manager’.”.

12 **SEC. 102. PASSENGER RAIL SERVICE RESTRUCTURING.**

13 (a) IN GENERAL.—Title 49, United States Code, is
14 amended by inserting the following after section 24309:

15 **“§ 24310. Amtrak restructuring mandate**

16 “(a) IN GENERAL.—Within 6 months after Year One
17 begins, and notwithstanding any other provision of this
18 title, the Board of Directors shall prepare a plan to re-
19 structure Amtrak management, personnel, assets, oper-
20 ations, and other activities and relationships to conform
21 to the requirements of this section. The Board shall trans-
22 mit the completed plan to the Committee on Commerce,
23 Science, and Transportation of the Senate, the Committee
24 on Transportation and Infrastructure of the House, and



1 the Committees on Appropriations of the House and Sen-
2 ate.

3 “(b) MINIMUM REQUIREMENTS.—At a minimum, the
4 restructuring plan required under this section shall pro-
5 vide for the following:

6 “(1) The filing of appropriate Articles of Incor-
7 poration under State law for two business corpora-
8 tions that are entirely independent of Amtrak, here-
9 inafter referred to as the ‘Passenger Rail Service
10 Provider’ and the ‘Passenger Rail Infrastructure
11 Manager’ or collectively the ‘successor corporations.

12 “(2) The division of Amtrak into three func-
13 tionally independent entities that provide the fol-
14 lowing:

15 “(A) A corporation, hereinafter referred to
16 as ‘Amtrak’, that shall provide overall super-
17 vision of Amtrak restructuring and subsequent
18 management of residual responsibilities, includ-
19 ing succeeding to the legal rights of the Na-
20 tional Railroad Passenger Corporation, and in-
21 cluding specifically Amtrak’s legal right of ac-
22 cess to other railroads, following transfer of rail
23 operations and infrastructure management to
24 the successor corporations established under
25 paragraph (1).



1 “(B) Passenger rail operating services na-
2 tionwide, including operation of the reservation
3 centers and ownership and management of ex-
4 isting rolling stock and its maintenance.

5 “(C) Passenger rail infrastructure manage-
6 ment.

7 “(3) The assignment of all Amtrak personnel
8 by name to one of the entities specified in paragraph
9 (2), with no loss of pay or benefits, including senior-
10 ity rights to employment within any entity, except
11 that an employee who elects employment with the
12 entity specified by paragraph (2)(A) shall become an
13 employee of the corporation, with only such rights
14 regarding pay and benefits as the corporation shall
15 determine.

16 “(4) The division of accounting, finance, budg-
17 et, assets, and personnel to provide for the operation
18 and funding of each entity independently.

19 “(5) A transition schedule that provides for
20 completion of the restructuring not later than the
21 last day of Year One.

22 “(c) SUCCESSOR CORPORATIONS.—(1) Consistent
23 with the business corporation law of the State of incorpo-
24 ration of the successor corporations specified by sub-
25 section (b)(1) of this section, each of the successor cor-



1 porations shall be qualified to undertake railroad activities
2 of an operational or infrastructure nature on a contractual
3 basis with Amtrak or any other entity.

4 “(2) The Passenger Rail Service Provider—

5 “(i) shall have the exclusive right, until the last
6 day of Year Three, to continue to provide the inter-
7 city passenger service that is being provided by Am-
8 trak on the date of enactment of the Passenger Rail
9 Investment Reform Act, but after the last day of
10 Year One, may operate such passenger rail service
11 only under a contract; and

12 “(ii) shall provide interline reservations services
13 to any other provider of intercity passenger rail serv-
14 ices on the same basis and rates as services are pro-
15 vided to the operational entities that provide service
16 within Amtrak on the date of enactment.

17 “(3) The Passenger Rail Infrastructure Manager—

18 “(i) shall have the exclusive right, until the last
19 day of Year Six, to continue to provide the dis-
20 patching, maintenance, and infrastructure services
21 that are being provided by Amtrak on the date of
22 enactment of the Passenger Rail Investment Reform
23 Act, but after the last day of Year One, may provide
24 these services only under a contract; and



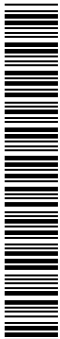
1 “(ii) shall carry out the multi-year infrastruc-
2 ture plan prepared by Amtrak, to the extent funds
3 are made available.

4 “(4)(A) The successor corporations are not a depart-
5 ment, agency, or instrumentality of the United States
6 Government nor are they Government corporations (as de-
7 fined in section 103 of title 5).

8 “(B) Chapter 105 of this title does not apply to the
9 successor corporations. However, laws and regulations
10 governing safety, employee representation for collective
11 bargaining purposes, the handling of disputes between car-
12 riers and employees, employee retirement, annuity, and
13 unemployment systems, and other dealings with employees
14 that apply to a rail carrier providing transportation sub-
15 ject to subchapter I of chapter 105 apply to the successor
16 corporations. The employee retirement, annuity, and un-
17 employment systems that apply to a rail carrier providing
18 transportation subject to subchapter I of chapter 105
19 apply to the entity specified by subsection (b)(2)(A) of this
20 section.

21 “(C) Subsections (c) through (l) of section 24301 of
22 this title shall apply to the successor corporations.

23 “(5) Subject to further action by the Board of Direc-
24 tors, the President of Amtrak on the date of enactment
25 of the Passenger Rail Investment Reform Act shall be of-



ferred the position of Chief Executive Officer of the Passenger Rail Service Provider.

“(6) The contractual rights of successor corporations to provide services may not be extended beyond the dates set forth in subsections (c)(2) and (c)(3), as applicable, without competitive bid.

“(7) The Passenger Rail Service Provider shall provide to the Secretary of Transportation not later than 18 months after the enactment of the Passenger Rail Investment Reform Act, recommendations on the feasibility, advantages, and disadvantages of separation of the reservation centers into a free-standing entity that can become an element of an intermodal reservations service.

“(8) The functionally independent entity specified by subsection (b)(2)(A) shall retain all legal rights pertaining to the name ‘Amtrak,’ and may, at its option, license or otherwise make the name ‘Amtrak’ commercially available in connection with intercity passenger rail and related services.

“(d) ROLLING STOCK AND SHOPS.—(1) With respect to any route on which intercity passenger rail service is provided on the date of enactment of the Passenger Rail Investment Reform Act, the Passenger Rail Service Provider shall make available to any replacement operator the



1 legacy equipment that is associated with the service on the
2 route.

3 “(2) Such equipment and services shall be made
4 available on such terms as Amtrak determines are fair,
5 reasonable, and in the public interest.

6 “(e) FREIGHT AND COMMUTER OPERATIONS.—(1)
7 Amtrak shall ensure that the implementation of the re-
8 structuring prescribed in this section gives due consider-
9 ation to the needs of freight and commuter rail operations
10 that, as of the effective date of the Passenger Rail Invest-
11 ment Reform Act, operate in the Northeast Corridor on
12 Amtrak right of way.

13 “(2) Notwithstanding paragraph (1), commuter serv-
14 ices headquartered in a State or Commonwealth that is
15 not a member of the North East Corridor Compact after
16 the last day of Year Two, shall pay the fully allocated costs
17 incurred by the successor corporation or any successor en-
18 tity for access to and use of the Northeast Corridor for
19 such services.

20 “(3) The right of access by Amtrak to rail lines
21 owned by other carriers is, as of the effective date of the
22 Passenger Rail Investment Reform Act, restricted as fol-
23 lows:

24 “(A) The terms and conditions for operation of
25 an intercity passenger rail route or frequency to be



1 added after the date of enactment of the Passenger
2 Rail Investment Reform Act shall be determined by
3 negotiation and mutual agreement between the host
4 railroad and the operator of the route or frequency
5 sought to be added, with no preferential right of ac-
6 cess.

7 “(B) If not utilized by Amtrak, Amtrak’s right
8 of access to any segment of rail line owned by an-
9 other rail carrier may be assigned to no more than
10 one intercity passenger rail operator during the term
11 of the assignment, except by agreement among Am-
12 trak, its assignee, and the owner of the rail line.”.

13 (b) CONFORMING AMENDMENTS.—(1) The analysis
14 of chapter 243 of title 49, United States Code, is amended
15 by inserting the following after the item relating to section
16 24309:

“24310. Amtrak restructuring mandate.”.

17 (2) Section 24102 (Definitions) of title 49, United
18 States Code, is amended—

19 (A) by inserting the following after section
20 24102(5):

21 “(5a) ‘legacy equipment’ means the rolling
22 stock required to provide intercity passenger rail
23 service owned or leased by the National Railroad
24 Passenger Corporation on the date of enactment of
25 this chapter.”; and



1 (B) by inserting the following at the end:

2 “(10) ‘Year one’ means the next Federal fiscal
3 year to begin after the date of enactment of the Pas-
4 senger Rail Investment Reform Act, except that the
5 term means the current Federal fiscal year if the
6 date of enactment of the Act is within 60 days of
7 the first day of the current Federal fiscal year.

8 “(11) ‘Year two’, ‘year three’, ‘year four’, ‘year
9 five’, and ‘year six’ mean, respectively, the Federal
10 fiscal year that follows year one by one, two, three,
11 four, and five years, respectively.”.

12 **SEC. 103. NORTH EAST CORRIDOR COMPACT.**

13 (a) CONSENT TO COMPACT.—(1) The States and Dis-
14 trict that constitute the Northeast Corridor, as defined in
15 49 U.S.C. 24102, may enter into an agreement, not in
16 conflict with a law of the United States and titled the
17 “North East Corridor Compact”, to provide passenger rail
18 service and to conduct related activities in the Northeast
19 Corridor.

20 (2) The North East Corridor Compact shall be sub-
21 mitted to Congress for its consent, and it is the sense of
22 Congress that rapid consent to the Compact shall be a
23 priority of Congress.

24 (b) COMPACT COMMISSION.—(1) There is hereby es-
25 tablished a commission to be known as the “North East



1 Corridor Compact Commission (hereinafter referred to in
2 this section as the ‘Commission’). The Commission shall
3 be composed of five members as follows:

4 (A) Two members (or their designees), to be se-
5 lected by the Secretary of Transportation.

6 (B) Two members (or their designees), to be se-
7 lected by agreement of the following government rep-
8 resentatives:

9 (i) The governors of Maryland, Delaware,
10 Pennsylvania, New Jersey, New York, Con-
11 necticut, Rhode Island, and Massachusetts.

12 (ii) The mayor of the District of Columbia.

13 (C) One member to be selected by the four
14 members selected under paragraphs (1) and (2) of
15 this subsection.

16 (2) The following applies to the Commission:

17 (A) Members shall be appointed for the life of
18 the Commission.

19 (B) A vacancy in the Commission shall be filled
20 in the manner in which the original appointment was
21 made.

22 (C) Members shall serve without pay but shall
23 receive travel expenses, including per diem in lieu of
24 subsistence, in accordance with sections 5702 and
25 5703 of title 5, United States Code.



1 (D) The Chairman of the Commission shall be
2 elected by the members.

3 (E) The Commission may appoint and fix the
4 pay of such personnel as it considers appropriate.

5 (F) Upon request of the Commission, the head
6 of any department or agency of the United States
7 may detail, on a reimbursable basis, any of the per-
8 sonnel of that department or agency to the Commis-
9 sion to assist it in carrying out its duties under this
10 section.

11 (G) Upon the request of the Commission, the
12 Administrator of General Services shall provide to
13 the Commission, on a reimbursable basis, the admin-
14 istrative support services necessary for the Commis-
15 sion to carry out its responsibilities under this sec-
16 tion.

17 (c) FUNCTIONS.—(1) The Commission shall prepare
18 for the consideration of and adoption by participating
19 States, the District of Columbia, and the Secretary of
20 Transportation an interstate compact that provides for the
21 following:

22 (A) Full authority for 99 years to succeed to
23 the responsibilities of the National Railroad Pas-
24 senger Corporation as operator of the Northeast



1 Corridor, subject to the provisions of a lease from
2 the Department of Transportation.

3 (B) Execution of a lease of the Northeast Cor-
4 ridor from the Department of Transportation, for a
5 period of 99 years, subject to appropriate provisions
6 protecting the lessor's interests, including reversion
7 of all lease interests to the lessor in the event the
8 lessee fails to meet its financial obligations or other-
9 wise assume financial responsibility for Northeast
10 Corridor functions.

11 (C) Responsibility for Corridor maintenance
12 and improvement.

13 (D) Operation of intercity passenger rail serv-
14 ice.

15 (E) Arrangements for operation of freight rail-
16 road operations and commuter operations.

17 (F) Assumption of financial responsibility for
18 Northeast Corridor functions.

19 (G) Authority to make use of the Corridor for
20 non-rail purposes.

21 (H) Participation by the Department of Trans-
22 portation, as the non-voting representative of the
23 United States.



1 (2) The compact terms shall, at a minimum, conform
2 to the requirements of subsections (e) through (i) of this
3 section.

4 (d) FINAL COMPACT PROPOSAL.—(1) The Commis-
5 sion shall submit a final compact proposal to member
6 States, the District of Columbia, and the Federal Govern-
7 ment not later than the last day of Year One.

8 (2) The Commission shall terminate on the 180th day
9 following the date of transmittal of the final compact pro-
10 posal under this subsection. All records and papers of the
11 Commission shall thereupon be delivered by the Adminis-
12 trator of General Services for deposit in the National Ar-
13 chives.

14 (e) GOVERNANCE AND FUNDING REQUIREMENTS
15 FOR COMPACT.—(1) The governance provisions of the
16 compact shall provide a mechanism to ensure voting rep-
17 resentation for the States, Commonwealths, and District
18 that comprise the Northeast Corridor, and non-voting rep-
19 resentation for the Secretary of Transportation as an ex
20 officio member participating in all Compact affairs.

21 (2) The provisions of the compact shall establish the
22 financial obligations of each compact member and shall
23 provide for its management of rail services in the Cor-
24 ridors.



1 (f) EMPLOYEE INTEREST REQUIREMENTS FOR COM-
2 PACT.—The employee provisions of the compact shall, at
3 a minimum, provide the following with regard to employ-
4 ees in the Northeast Corridor if the Compact chooses to
5 replace the successor corporations for operation and main-
6 tenance of the physical plant or operation of passenger
7 trains, or both:

8 (1) Payment of any labor protection payments
9 owed and not paid by the successor corporations es-
10 tablished under 49 U.S.C. 24310(b).

11 (2) In the case of an employee who is employed
12 by the National Railroad Passenger Corporation on
13 the date of enactment of the Passenger Rail Invest-
14 ment Reform Act and who accepts employment by a
15 successor corporation, a right of first refusal to ac-
16 cept a substantially similar position with the replace-
17 ment operator when the successor corporation is re-
18 placed.

19 (g) FEDERAL INTEREST REQUIREMENTS FOR COM-
20 PACT.—The provisions of the Compact shall hold the
21 United States Government harmless as to the actions of
22 the Compact under the lease of rights to the Northeast
23 Corridor by the United States Government.

24 (h) COMPACT BORROWING AUTHORITY.—(1) The
25 borrowing authority provisions of the compact may au-



1 thorize the compact to issue bonds or other debt instru-
2 ments from time to time in its discretion, for purposes
3 that include paying any part of the cost of rail service im-
4 provements, construction, and rehabilitation and the ac-
5 quisition of real and personal property, including oper-
6 ating equipment, except that debt issued by the compact
7 may be secured only by revenues to the compact and may
8 not be a debt of the member States or of the Federal Gov-
9 ernment.

10 (2) The debt authorized by this subsection shall
11 under no circumstances be backed by the full faith and
12 credit of the United States, and a grant made under the
13 authority of this Act or under the authority of Part C of
14 Subtitle V of title 49, United States Code, shall include
15 an express acknowledgement by the grantee that the debt
16 does not constitute an obligation of the United States.

17 (i) ADOPTION OF COMPACT; TURNOVER.—(1) The
18 members shall adopt a final compact agreement not later
19 than the last day of Year Two, and the compact shall
20 thereafter assume responsibility for all Corridor oper-
21 ations from the successor corporations on a date that is
22 not later than 8 months following adoption of the compact,
23 which date shall be known as the “NEC turnover date”.

24 (2) In the event that the members do not adopt the
25 final compact agreement and make it operational under



1 the schedule set forth in this section, the Secretary of
2 Transportation shall assume control of the entity specified
3 by 49 U.S.C. 24310(b)(2)(A) and shall make such legisla-
4 tive recommendations as the President judges necessary
5 and expedient to Congress that address the monetary con-
6 tributions by Northeast Corridor States and the District
7 of Columbia that would be necessary to provide continued
8 intercity passenger rail service in the Northeast Corridor.

9 (j) AUTHORIZATION OF APPROPRIATIONS.—There
10 are authorized such sums as may be necessary to carry
11 out the purposes of this section.

12 **SEC. 104. ASSISTANCE TO ADDRESS CAPITAL NEEDS.**

13 (a) IN GENERAL.—There are authorized to be appro-
14 priated to the Secretary of Transportation, for capital ex-
15 penditures in compliance with capital spending plans de-
16 veloped under section 202 of this Act, including the Sec-
17 retary's expenses related thereto, the following amounts:

18 (1) Such sums as may be necessary for Year
19 Three.

20 (2) Such sums as may be necessary for Year
21 Four.

22 (3) Such sums as may be necessary for Year
23 Five.

24 (4) Such sums as may be necessary for Year
25 Six.



1 (b) OBLIGATION OPTIONS.—(1) Subject to paragraph
2 (2), the Secretary may obligate the funds authorized by
3 this section through grants to or cooperative agreements
4 with States, the Passenger Rail Service Provider, the
5 North East Corridor Compact or another qualified Com-
6 pact, or through contracts with private companies.

7 (2) Funds appropriated under this section shall not
8 be obligated and not be disbursed from the Treasury for
9 the North East Corridor Compact until it has been estab-
10 lished and is empowered and qualified to enter into con-
11 tracts for the expenditure of the funds.

12 (c) ELIGIBILITY OF EXPENDITURES.—(1) The Fed-
13 eral share of expenditures for capital improvements under
14 this section may be not more than 100 percent and is sole-
15 ly authorized for the purpose of funding deferred mainte-
16 nance, safety and security projects. Expenditures for ca-
17 pacity expansion are not authorized by this section.

18 (2) Funds appropriated under this section may be ob-
19 ligated for an expenditure only if the Secretary has deter-
20 mined in writing that the expenditure on any railroad in-
21 frastructure investments is limited to a route or routes
22 with a useful life of at least 5 years.



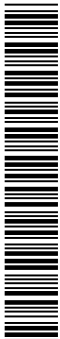
1 **SEC. 105. EMPLOYEE TRANSITION ASSISTANCE; AUTHOR-**
2 **IZATION.**

3 (a) PROVISION OF FINANCIAL INCENTIVES.—To fa-
4 cilitate the restructuring required by this title, the Sec-
5 retary is authorized to develop a program under which the
6 Secretary may, in the Secretary's discretion, provide
7 grants for financial incentives to be provided to employees
8 of the National Railroad Passenger Corporation who vol-
9 untarily terminate their employment with the Corporation
10 or the successor corporations and relinquish any legal
11 rights to receive termination-related payments under any
12 contractual agreement with the Corporation or the suc-
13 cessor corporations.

14 (b) CONDITIONS FOR FINANCIAL INCENTIVES.—As a
15 condition for receiving financial assistance grants under
16 this section, the Corporation or the successor corporations
17 must certify that—

18 (1) the financial assistance results in a net re-
19 duction in the total number of employees equal to
20 the number receiving financial incentives;

21 (2) the financial assistance results in a net re-
22 duction in total employment expense equivalent to
23 the total employment expenses associated with the
24 employees receiving financial incentives; and



1 (3) the total number of employees eligible for
2 termination-related payments will not be increased
3 without the express written consent of the Secretary.

4 (c) AMOUNT OF FINANCIAL INCENTIVES.—The fi-
5 nancial incentives authorized under this section may be
6 no greater than \$50,000.00 per employee.

7 (d) AUTHORIZATION OF APPROPRIATIONS.—There
8 are hereby authorized to the Secretary such sums as may
9 be necessary to make grants to the National Railroad Pas-
10 senger Corporation or the successor corporation to fund
11 termination-related payments to employees under existing
12 contractual agreements until four years from the first day
13 of Year One.

14 **SEC. 106. LIMIT ON OPERATING ASSISTANCE FOR LONG-**
15 **DISTANCE ROUTES.**

16 (a) IN GENERAL.—Title 49, United States Code, is
17 amended by inserting the following after section 24315:
18 **“§ 24316. Limit on operating assistance for long-dis-**
19 **tance routes**

20 “(a) GENERAL AUTHORITY.—(1) After the last day
21 of Year One, the Secretary of Transportation may make
22 grants for operating assistance under the authority of this
23 section, and not under any other provision of law, to reim-
24 burse operators of long-distance routes, as defined in sec-
25 tion 24102, and corridor feeder routes for the operating



1 expenses incurred in operating those routes to provide
2 intercity passenger rail transportation.

3 “(2) The Secretary shall require that a grant under
4 this section be subject to the terms, conditions, require-
5 ments, and provisions the Secretary decides are necessary
6 or appropriate for the purposes of this section, including
7 the definition of eligible expenses and the documentation
8 of eligible operating losses on a quarterly basis.

9 “(b) FEDERAL SHARE OF OPERATING EXPENSES.—
10 (1) No funds appropriated under this Part shall be used
11 to fund operating expenses of a long distance route after
12 the last day of Year One, except as provided in paragraph
13 (2) of this subsection.

14 “(2) Funds appropriated under this section may be
15 used to reimburse the operator of a long-distance route
16 or a corridor feeder route for operating expenses on that
17 route provided that amounts reimbursed do not exceed the
18 operating losses on the route and do not constitute a reim-
19 bursement per passenger mile greater than—

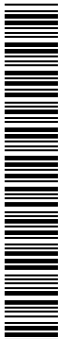
20 “(A) \$0.40 during Year Two;

21 “(B) \$0.20 during Year Three;

22 “(C) \$0.10 during Year Four; and

23 “(D) \$0.00 for each year thereafter.

24 “(c) AUTHORIZATION OF APPROPRIATIONS.—There
25 are authorized to be appropriated to the Secretary such



1 sums as may be necessary to carry out this section, includ-
2 ing the Secretary's expenses related thereto.”

3 (b) CONFORMING AMENDMENTS.—(1) The analysis
4 of chapter 243 of title 49, United States Code, is amended
5 by inserting the following after the item relating to section
6 24315:

“24316. Limit on operating assistance for long-distance routes.”.

7 (2) Section 24102 (Definitions) of title 49, United
8 States Code, is amended—

9 (A) by inserting the following after section
10 24102(4):

11 “(4a) ‘corridor feeder route’ means a portion of
12 a long distance train or route that provides services
13 between regional corridors by connecting to
14 endpoints of the corridors.”; and

15 (B) by inserting the following after section
16 24102(5a), as added by this Act:

17 “(5b) ‘long distance train’ or ‘long distance
18 route’ means one of or a portion of the following
19 trains or routes operated by the National Railroad
20 Passenger Corporation on the date of enactment of
21 this section: the Silver Star, the Three Rivers, the
22 Cardinal, the Silver Meteor, the Empire Builder, the
23 Capitol Limited, the California Zephyr, the South-
24 west Chief, the City of New Orleans, the Texas
25 Eagle, the Sunset Limited, the Coast Starlight, the



1 Lake Shore Limited, the Palmetto, the Crescent, the
2 Pennsylvanian, and the Auto Train.”.

3 **SEC. 107. REPEAL OF OBSOLETE AND EXECUTED PROVI-**
4 **SIONS OF LAW; OTHER.**

5 (a) IN GENERAL.—Title 49, United States Code, is
6 amended by repeal of the following sections:

7 (1) Section 24701 (Operation of basic system).

8 (2) Section 24706 (Discontinuance).

9 (3) Section 24901 (Definitions).

10 (4) Section 24902 (Goals and Requirements).

11 (5) Section 24904 (General Authority).

12 (6) Section 24906 (Eliminating highway at-
13 grade crossings).

14 (7) Section 24909 (Authorization of appropria-
15 tions).

16 (b) REVISIONS TO SECTION 24305.—(1) Section
17 24305 (a) is amended by striking paragraph (2) and re-
18 numbering paragraph (3) as paragraph (2).

19 (2) Section 24305(b) is amended by striking para-
20 graph (4) and renumbering paragraph (5) as paragraph
21 (4) and paragraph (6) as paragraph (5).

22 (3) Subsection 24305(f)(2) is amended by inserting
23 before the word “Amtrak”, the following “With regard to
24 items acquired with funds provided by the Federal Govern-
25 ment,”.



1 (c) CONFORMING AMENDMENT.—The analysis of
2 chapters 243, 247, and 249 are amended by deleting, as
3 appropriate, items relating to the following sections:
4 24307, 24701, 24706, 24901, 24902, 24904, 24906,
5 24908, and 24909.

6 (d) EFFECTIVE DATE.—The effective date of this
7 section is the first day of Year One.

8 **TITLE II—FINANCIAL REFORMS**

9 **SEC. 201. LIMITATIONS ON AVAILABILITY OF GRANTS.**

10 (a) IN GENERAL.—Title 49, United States Code, is
11 amended by inserting the following after section 24313:
12 **“§ 24314. Transitional limitations on availability of**
13 **grants**

14 **“(a) REQUIREMENTS PRIOR TO RESTRUCTURING.—**
15 A grant made to the National Railroad Passenger Cor-
16 poration under the authority of Part C of Subtitle V of
17 this title between the first day of Year One, and the estab-
18 lishment and commencement of operations by the suc-
19 cessor corporations under section 24310 of this title may
20 only be made subject to the following limitations:

21 **“(1) The Secretary of Transportation shall not**
22 **disburse funding to cover operating losses on a long-**
23 **distance train route without first receiving and ap-**
24 **proving a grant request for that specific train route.**

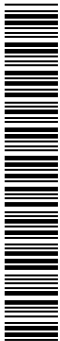


1 “(2) Each such grant request shall be accom-
2 panied by a detailed financial analysis and revenue
3 projection justifying the Federal support to the Sec-
4 retary’s satisfaction.

5 “(3) The Secretary of Transportation and the
6 Board of Directors of the Corporation shall ensure
7 that, of the amount made available by appropria-
8 tions for capital and operating assistance to the Cor-
9 poration in a fiscal year, sufficient sums are re-
10 served to satisfy the contractual obligations of the
11 Corporation to provide commuter and intrastate pas-
12 senger rail service.

13 “(4) Not later than December 31 prior to each
14 fiscal year in which grants are made to the Corpora-
15 tion, the Corporation shall transmit to the Secretary
16 of Transportation, the Committee on Commerce,
17 Science, and Transportation of the Senate, the Com-
18 mittee on Transportation and Infrastructure of the
19 House, and the House and Senate Committees on
20 Appropriations a business plan for operating and
21 capital improvements to be funded in the fiscal year
22 under section 24104(a) of title 49, United States
23 Code.

24 “(5) The business plan shall include a descrip-
25 tion of the work to be funded, along with cost esti-



1 mates and an estimated timetable for completion of
2 the projects covered by the business plan.

3 “(6) Each month of each fiscal year in which
4 grants are made to the Corporation, the Corporation
5 shall submit to the Secretary of Transportation, the
6 Committee on Commerce, Science, and Transpor-
7 tation of the Senate, the Committee on Transpor-
8 tation and Infrastructure of the House, and the
9 House and Senate Committees on Appropriations a
10 supplemental report regarding the business plan,
11 which shall describe the work completed to date, any
12 changes to the business plan, and the reasons for
13 such changes.

14 “(7) A grant may not be used for operating ex-
15 penses or capital projects that is not approved by
16 the Secretary of Transportation or an element of the
17 Corporation’s current fiscal year business plan, or
18 that is obligated or expended unless the Corporation
19 certifies, as part of the grant agreement, that it has
20 complied with and will abide by the following re-
21 quirements:

22 “(A) The Corporation’s management will
23 maintain financial controls and accounting
24 transparency to the satisfaction of the Sec-
25 retary, including developing or enhancing any

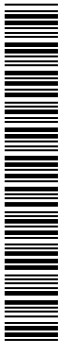


1 existing capacity separately to report (a) all
2 revenue and expenses associated with rail oper-
3 ations by route; and (b) budgeted and actual
4 expenditures for all capital investments.

5 “(B) The Corporation’s management will
6 provide to the Board of Directors, the Depart-
7 ment of Transportation and Congress its
8 Monthly Performance Report. The Corporation
9 shall also make available to the Department of
10 Transportation the same details and reports on
11 its financial performance that it makes avail-
12 able to Amtrak management, at the same time
13 that it provides those reports and details to
14 Amtrak management.

15 “(C) The Corporation shall expend funds
16 only for the continuation of existing plants and
17 services. With the exception of expenditures for
18 which it obtains written approval from the De-
19 partment of Transportation, The Corporation
20 will not use of any of its funds for actual ex-
21 pansion or planning for expansion of rail serv-
22 ice, including high speed rail service.

23 “(D) The Corporation has negotiated with
24 its employees substantial operating cost reduc-



1 tions needed to make its operations competitive
2 with private-sector service providers.

3 “(b) REQUIREMENTS FOLLOWING RESTRUC-
4 TURING.—Any grant made directly to either of the suc-
5 cessor corporations under the authority of Part C of Sub-
6 title V of this title may only be made subject to the fol-
7 lowing limitations:

8 “(1) The Secretary of Transportation shall not
9 disburse funding to cover operating losses on a long-
10 distance train route without first receiving and ap-
11 proving a grant request for that specific train route.

12 “(2) Each such grant request shall be accom-
13 panied by a detailed financial analysis and revenue
14 projection justifying the Federal support to the Sec-
15 retary’s satisfaction.

16 “(3) The Secretary of Transportation shall en-
17 sure that, of the amount made available by appro-
18 priations for capital and operating assistance in a
19 fiscal year, sufficient sums are reserved to satisfy
20 the successor corporation’s contractual obligations, if
21 any, with respect to commuter and intrastate pas-
22 senger rail service.

23 “(4) Not later than December 31 prior to each
24 fiscal year in which grants are made, the successor
25 corporations shall each transmit to the Secretary of



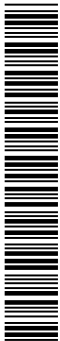
1 Transportation a business plan for operating and
2 capital improvements to be funded in the fiscal year.

3 “(5) The business plan shall include a descrip-
4 tion of the work to be funded, along with cost esti-
5 mates and an estimated timetable for completion of
6 the projects covered by the business plan.

7 “(6) Each month of each fiscal year in which
8 grants are made, the successor corporations shall
9 each submit to the Secretary of Transportation a
10 supplemental report regarding the business plan,
11 which shall describe the work completed to date, any
12 changes to the business plan, and the reasons for
13 such changes.

14 “(7) A grant may not be used for operating ex-
15 penses or capital projects that is not approved by
16 the Secretary of Transportation or an element of the
17 current fiscal year business plan, or that is obligated
18 or expended unless the successor corporation agrees,
19 as part of the grant agreement, to abide by the fol-
20 lowing requirements:

21 “(A) Management will maintain financial
22 controls and accounting transparency to the
23 satisfaction of the Secretary, including devel-
24 oping or enhancing any existing capacity sepa-
25 rately to report (a) all revenue and expenses as-



1 sociated with rail operations by route; and (b)
2 budgeted and actual expenditures for all capital
3 investments.

4 “(B) Management of each successor cor-
5 poration shall make available to the Depart-
6 ment of Transportation the same details and
7 reports on its financial performance that it
8 makes available internally, at the same time
9 that it provides those reports and details inter-
10 nally.

11 “(C) Funds will be spent only on existing
12 plants and services.”.

13 (b) CONFORMING AMENDMENTS.—The analysis of
14 chapter 243 of title 49, United States Code, is amended
15 by inserting the following after the item relating to section
16 24313:

 “24314. Transitional limitations on availability of grants.”.

17 **SEC. 202. SPENDING PLANS FOR CAPITAL BACKLOG RE-**
18 **DUCTION.**

19 (a) IN GENERAL.—Within 6 months after Year One
20 begins, and as a condition of grants to the National Rail-
21 road Passenger Corporation between that date and the im-
22 plementation of the restructuring required under 49
23 U.S.C. 24310, the Corporation shall prepare a capital
24 spending plan that addresses capital needs, consistent
25 with the funding levels authorized to be provided for Year



1 One and each fiscal year thereafter through Year Six,
2 for—

3 (1) Northeast Corridor capital assets;

4 (2) capital assets on long-distance routes other
5 than on the Northeast Corridor; and

6 (3) capital assets on short-distance routes other
7 than the Northeast Corridor.

8 (b) APPROVAL BY THE SECRETARY AND THE COM-
9 PACT.—(1) The Corporation shall submit the capital
10 spending plan prepared under this section to the Secretary
11 of Transportation for review and approval. The plan shall
12 be implemented only after approval by the Secretary, and
13 with any modifications specified by the Secretary.

14 (2) The Secretary of Transportation shall require
15 that the plan be updated at least annually.

16 (3) On and after creation of North East Corridor
17 Compact, the Secretary shall make no grants to the Com-
18 pact for Northeast Corridor for capital investments, except
19 in accordance with a capital spending plan prepared by
20 the Compact and approved by both the Compact and the
21 Secretary. The same requirements shall apply to grants
22 made to States and other Compacts under this section.

23 **SEC. 203. REDEMPTION OF COMMON STOCK.**

24 (a) VALUATION.—The Secretary of Transportation
25 shall arrange, at the National Railroad Passenger Cor-

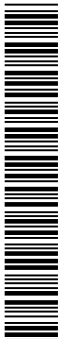


1 poration's expense, for a valuation of all assets and liabil-
2 ities of the Corporation to be performed by the Secretary
3 of the Treasury, or by a contractor selected by the Sec-
4 retary of the Treasury. Such valuation shall be conducted
5 in accordance with criteria and requirements to be deter-
6 mined by the Secretary, in the Secretary's discretion, and
7 shall be completed within 6 months after Year One begins.

8 (b) REDEMPTION.—(1) Prior to the transfer of assets
9 to the Secretary directed by section 204 of this Act, and
10 within 9 months after Year One begins, the Corporation
11 shall redeem all common stock in the Corporation issued
12 prior to the date of enactment of this Act at the book
13 value of such stock, based on the valuation performed
14 under subsection (a).

15 (2) No provision of this Act, or amendments made
16 by this Act, provide to the owners of the common stock
17 a priority over holders of indebtedness or other stock of
18 the Corporation.

19 (c) ACQUISITION THROUGH EMINENT DOMAIN.—In
20 the event that the Corporation and the owners of its com-
21 mon stock have not completed the redemption of such
22 stock by a date that is within 9 months after Year One
23 begins, the Corporation shall exercise the eminent domain
24 provisions contained in 49 U.S.C. 24311, as amended by
25 this Act, to acquire that stock. The valuation performed



1 under subsection (a) shall be deemed to constitute just
2 compensation except to the extent that the owners of the
3 common stock demonstrate that the valuation is less than
4 the constitutional minimum value of the stock.

5 (d) AMENDMENT OF 49 U.S.C. 24311.—Section
6 24311 of title 49, United States Code, is amended—

7 (1) by striking “or” at the end of subsection
8 (a)(1)(A);

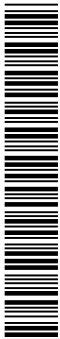
9 (2) by striking the period at the end of sub-
10 section (a)(1)(B) and substituting “; or”; and

11 (3) by inserting the following after subsection
12 (a)(1)(B):

13 “(C) necessary to redeem the Corporation’s
14 common stock from any holder thereof, includ-
15 ing a rail carrier.”.

16 (e) CONVERSION OF PREFERRED STOCK TO COM-
17 MON.—(1) Subsequent to the redemption of the common
18 stock in the Corporation issued prior to the date of enact-
19 ment of this Act, the Secretary of Transportation shall
20 convert the one share of the preferred stock of the Cor-
21 poration retained under section 204 of this Act for ten
22 shares of common stock in the Corporation.

23 (2) The Corporation shall not issue any other com-
24 mon stock without the express written consent of the Sec-
25 retary.



1 **SEC. 204. RETIREMENT OF PREFERRED STOCK; TRANSFER**
2 **OF ASSETS.**

3 (a) TRANSFER.—Not later than 30 days after the re-
4 demption or acquisition specified under section 203 of this
5 Act, the Corporation shall, in return for the consideration
6 specified in subsection (c), transfer to the Secretary of
7 Transportation title to the following assets:

8 (1) The portions of the Northeast Corridor cur-
9 rently owned or leased by the Corporation as well as
10 any improvements made to these assets. The assets
11 transferred to the Secretary shall include the rail
12 right-of-way, stations, track, signal equipment, elec-
13 tric traction facilities, bridges, tunnels and all other
14 improvements owned by Amtrak between Boston,
15 Massachusetts and Washington, District of Colum-
16 bia (including the route through Springfield, Massa-
17 chusetts and the routes to Harrisburg, Pennsylvania
18 and Albany, New York from the Northeast Corridor
19 mainline).

20 (2) Chicago Union Station and rail-related as-
21 sets in the Chicago metropolitan area.

22 (3) All other track and right-of-way, stations,
23 repair facilities and other real property owned or
24 leased by the Corporation.

25 (b) EXISTING ENCUMBRANCES.—(1) With regard to
26 any assets described in subsection (a) that the Corporation



1 has provided as security or collateral for a debt entered
2 into prior to the date of enactment of this Act, the Cor-
3 poration shall transfer its underlying legal interest in such
4 asset to the Secretary, provided, however, that the Cor-
5 poration shall remain liable for the debt secured by the
6 asset.

7 (2) The obligation of the National Railroad Pas-
8 senger Corporation to repay in full any indebtedness to
9 the United States incurred since January 1, 1990, is not
10 affected by this Act or an amendment made by this Act.

11 (c) CONSIDERATION.—In consideration for the assets
12 transferred to the United States under subsection (b)
13 above, the Secretary shall—

14 (1) deliver to the Corporation all but one share
15 of the preferred stock of the Corporation held by the
16 Secretary and forgive the Corporation's legal obliga-
17 tion to pay any dividends, including accrued but un-
18 paid dividends as of the date of transfer, evidenced
19 by the preferred stock certificates; and

20 (2) Release the Corporation from all mortgages
21 and liens held by the Secretary that were in exist-
22 ence on January 1, 1990.

23 (d) AGREEMENT.—(1) Prior to accepting title to the
24 assets transferred under this section, the Secretary shall
25 enter into an agreement with the Corporation under which



1 the Corporation will exercise on behalf of the Secretary
2 care, custody and control of the assets to be transferred.

3 (2) The agreement shall identify in detail the specific
4 functions of the Corporation's employees and equipment,
5 and the specific numbers and locations of the employees
6 and equipment associated with each function, that would
7 be needed for continuation of commuter and freight rail
8 service in the event that the Corporation were to cease
9 operation, and identify those actions that would be re-
10 quired to ensure that such functions can be continued on
11 an interim basis to avoid any interruption in commuter
12 or freight rail service on the Northeast Corridor.

13 (e) FURTHER TRANSFERS.—(1) The Secretary may,
14 for appropriate consideration, transfer title to all or part
15 of Chicago Union Station and rail-related assets in the
16 Chicago metropolitan area acquired under this section to
17 a regional public transportation agency that has signifi-
18 cant operations in Chicago Union Station on the date of
19 enactment of this Act.

20 (2) The Secretary may, for appropriate consideration,
21 transfer to the underlying States title to real estate prop-
22 erties owned by the Corporation between Boston, Massa-
23 chusetts and Washington, District of Columbia that con-
24 stitute the route through Springfield, Massachusetts and



1 the routes to Harrisburg, Pennsylvania and Albany, New
2 York from the Northeast Corridor mainline.

3 (3) The Secretary may, for appropriate consideration,
4 transfer title to all or part of the assets acquired under
5 subsection (a)(3) to a State, a public agency, a railroad,
6 or other entity deemed appropriate by the Secretary.

7 (4) All financial consideration determined by the Sec-
8 retary to be appropriate consideration for the transfer of
9 the assets described in paragraphs (1)–(3) shall be used
10 exclusively to reduce the Corporation’s long-term debt that
11 exists on the date of enactment.

12 **SEC. 205. REAL ESTATE AND ASSET SALES; OTHER.**

13 (a) IN GENERAL.—The Amtrak Board of Directors
14 shall undertake and complete not later than the last day
15 of Year Three, the disposition of all stations, track, and
16 other facilities outside the Northeast Corridor mainline,
17 including property conveyed to the Secretary of Transpor-
18 tation under section 204 of this Act.

19 (b) PROCEEDS OF LIQUIDATION.—Notwithstanding
20 section 3302 of title 31, United States Code, any proceeds
21 from the liquidation of assets under this section shall—

22 (1) be credited as an offsetting collection to the
23 account that finances grants for debt and interest
24 payments under section 206 of this Act to the Pas-



1 senger Rail Service Provider specified under 49
2 U.S.C. 24310; and

3 (2) remain available until expended.

4 **SEC. 206. MANAGEMENT AND TRANSFER OF SECURED**
5 **DEBT.**

6 (a) NEW DEBT PROHIBITION.—Except as approved
7 by the Secretary of Transportation to re-finance existing
8 secured debt, the Corporation shall not enter into any obli-
9 gation secured by assets of the Corporation after the date
10 of enactment of this Act. This section does not prohibit
11 unsecured lines of credit used by the Corporation or any
12 subsidiary for working capital purposes.

13 (b) SECURED DEBT TRANSFER.—(1) Upon establish-
14 ment of the Passenger Rail Service Provider specified
15 under 49 U.S.C. 24310 and the transfer of ownership of
16 the existing rolling stock, all debt secured by the rolling
17 stock shall be transferred to and become a liability solely
18 of, the Passenger Rail Service Provider.

19 (2) Upon establishment of the North East Corridor
20 Compact under section 103 of this Act, the secured debt
21 associated with fixed assets in the Northeast Corridor
22 shall be transferred to and become a liability solely of, the
23 North East Corridor Compact.

24 (c) AUTHORIZATION.—(1) There are authorized to be
25 appropriated to the Secretary for grants to the Passenger



1 Rail Service Provider to pay principal and interest pay-
2 ments on secured debt existing on the date of enactment
3 of this Act the following amounts:

4 (A) Such sums as may be necessary in Year
5 Two.

6 (B) Such sums as may be necessary in Year
7 Three.

8 (C) Such sums as may be necessary in Year
9 Four.

10 (D) Such sums as may be necessary in Year
11 Five.

12 (E) Such sums as may be necessary in Year
13 Six.

14 (2) The funding authorized by this section shall
15 not—

16 (A) modify the extent or nature of any indebt-
17 edness of the National Railroad Passenger Corpora-
18 tion to the United States in existence of the date of
19 enactment of this Act;

20 (B) change the private nature of Amtrak's or
21 its successors' liabilities; or

22 (C) imply any Federal guarantee or commit-
23 ment to amortize Amtrak's outstanding indebted-
24 ness.



1 **SEC. 207. TRANSITION ASSISTANCE.**

2 (a) YEAR ONE ASSISTANCE.—There are authorized
3 to be appropriated to the Secretary for grants to the Na-
4 tional Railroad Passenger Corporation for operating and
5 capital expenses such sums as may be necessary in Year
6 One.

7 (b) YEAR TWO SUCCESSOR CORPORATION OPER-
8 ATING ASSISTANCE.—There are authorized to be appro-
9 priated to the Secretary such sums as may be necessary
10 for grants to—

11 (1) the Passenger Rail Service Provider for op-
12 erating expenses of all services except long-distance
13 trains and routes in Year Two; and

14 (2) the Passenger Rail Infrastructure Manager
15 for capital expenses in Year Two.

16 (c) ADMINISTRATIVE EXPENSES OF COMPACTS.—
17 There are authorized to be appropriated to the Secretary
18 such sums as may be necessary for grants for the adminis-
19 trative expenses of interstate compacts in Years One
20 through Three.

21 (d) EXPENSES OF AMTRAK.—There are authorized to
22 be appropriated to the Secretary such sums as may be
23 necessary for grants for the administrative expenses of
24 Amtrak in Years Two through Six..

25 (e) GRANTS MADE AFTER YEAR TWO.—After the
26 last day of Year Two, the Secretary may not enter into



1 a grant agreement under this Act, other than section
2 206(c), or part C of Title V of title 49, United States
3 Code, unless each other party to the grant agreement is
4 a State, regional compact, or other public entity.

5 **TITLE III—GRANTS AND OTHER**
6 **ASSISTANCE FOR INTERCITY**
7 **PASSENGER RAIL SERVICE**

8 **SEC. 301. CAPITAL ASSISTANCE FOR INTERCITY PAS-**
9 **SENGER RAIL SERVICE.**

10 (a) Part C of Subtitle V of title 49, United States
11 Code, is amended by inserting the following after chapter
12 243:

13 **“CHAPTER 244—INTERCITY PASSENGER**
14 **RAIL SERVICE CORRIDOR CAPITAL AS-**
15 **SISTANCE**

16 **“§ 24401. Definitions; effective date**

17 “(a) DEFINITIONS.—In this chapter—

18 “(1) ‘applicant’ means a State, an Interstate
19 Compact (including the North East Corridor Com-
20 pact as specified in section 103 of the Passenger
21 Rail Investment Reform Act), or a public agency es-
22 tablished by one or more States and having responsi-
23 bility for providing intercity passenger rail service.

24 “(2) ‘capital project’ means a project within a
25 corridor plan or program for—



1 “(A) acquiring, constructing, supervising
2 or inspecting equipment or a facility for use in
3 intercity passenger rail service, expenses inci-
4 dental to the acquisition or construction (in-
5 cluding designing, engineering, location sur-
6 veying, mapping, environmental studies, and ac-
7 quiring rights-of-way), payments for the capital
8 portions of rail trackage rights agreements,
9 passenger rail-related intelligent transportation
10 systems, highway-rail grade crossing improve-
11 ments on routes used for intercity passenger
12 rail service, relocation assistance, acquiring re-
13 placement housing sites, and acquiring, con-
14 structing, relocating, and rehabilitating replace-
15 ment housing;

16 “(B) rehabilitating, remanufacturing or
17 overhauling rail rolling stock and facilities used
18 primarily in intercity passenger rail service; and

19 “(C) the first-dollar liability costs for in-
20 surance related to the provision of intercity pas-
21 senger rail service.

22 “(3) ‘intercity passenger rail service’ means
23 transportation services with the primary purpose of
24 passenger transportation between towns, cities and
25 metropolitan areas by rail, including high-speed rail.



1 “(b) EFFECTIVE DATE.—This chapter is effective on
2 the first day of Year Two.

3 **“§ 24402. Capital investment grants to support inter-**
4 **city passenger rail service**

5 “(a) GENERAL AUTHORITY.—(1) The Secretary of
6 Transportation may make grants under this section to an
7 applicant to assist in financing the capital costs of facili-
8 ties and equipment necessary to provide intercity pas-
9 senger rail transportation.

10 “(2) The Secretary shall require that a grant under
11 this section be subject to the terms, conditions, require-
12 ments, and provisions the Secretary decides are necessary
13 or appropriate for the purposes of this section, including
14 requirements for the disposition of net increases in value
15 of real property resulting from the project assisted under
16 this section.

17 “(3) A grant under this section may not be made for
18 a project or program of projects that qualifies for financial
19 assistance under chapter 53 of this title.

20 “(b) PROJECT AS PART OF APPROVED PROGRAM.—

21 (1) The Secretary may not approve a grant for a project
22 under this section unless the Secretary finds that the
23 project is part of an approved corridor plan and program
24 developed under section 5303 of this title and that the
25 applicant or recipient has or will have the legal, financial,



1 and technical capacity to carry out the project (including
2 safety and security aspects of the project), satisfactory
3 continuing control over the use of the equipment or facili-
4 ties, and the capability and willingness to maintain the
5 equipment or facilities.

6 “(2) An applicant shall provide sufficient information
7 upon which the Secretary can make the findings required
8 by this subsection.

9 “(3) If an applicant has not selected the proposed op-
10 erator of its service competitively, the applicant shall pro-
11 vide written justification to the Secretary showing why the
12 proposed operator is the best, taking into account price
13 and other factors, and that use of the proposed operator
14 will not increase the capital cost of the project.

15 “(4) An applicant shall demonstrate that it has
16 agreed with the railroad over which the intercity passenger
17 rail service will operate concerning the applicant’s oper-
18 ating and capital plans.

19 “(c) LETTERS OF INTENT, FULL FUNDING GRANT
20 AGREEMENTS, AND EARLY SYSTEMS WORK AGREE-
21 MENTS.—(1)(A) The Secretary may issue a letter of intent
22 to an applicant announcing an intention to obligate, for
23 a major capital project under this section, an amount from
24 future available budget authority specified in law that is



1 not more than the amount stipulated as the financial par-
2 ticipation of the Secretary in the project.

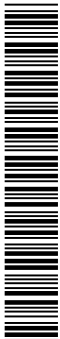
3 “(B) At least 30 days before issuing a letter under
4 subparagraph (A) of this paragraph or entering into a full
5 funding grant agreement, the Secretary shall notify in
6 writing the Committee on Transportation and Infrastruc-
7 ture of the House of Representatives and the Committee
8 on Commerce, Science, and Transportation of the Senate
9 and the House and Senate Committees on Appropriations
10 of the proposed letter or agreement. The Secretary shall
11 include with the notification a copy of the proposed letter
12 or agreement as well as the evaluations and ratings for
13 the project.

14 “(C) The issuance of a letter is deemed not to be
15 an obligation under sections 1108(c) and (d), 1501, and
16 1502(a) of title 31, U.S.C., or an administrative commit-
17 ment.

18 “(D) An obligation or administrative commitment
19 may be made only when amounts are appropriated.

20 “(2)(A) The Secretary may make a full funding grant
21 agreement with an applicant. The agreement shall—

22 “(i) establish the terms of participation by the
23 United States Government in a project under this
24 section;



1 “(ii) establish the maximum amount of Govern-
2 ment financial assistance for the project;

3 “(iii) cover the period of time for completing
4 the project, including a period extending beyond the
5 period of an authorization; and

6 “(iv) make timely and efficient management of
7 the project easier according to the law of the United
8 States.

9 “(B) An agreement under this paragraph obligates
10 an amount of available budget authority specified in law
11 and may include a commitment, contingent on amounts
12 to be specified in law in advance for commitments under
13 this paragraph, to obligate an additional amount from fu-
14 ture available budget authority specified in law. The
15 agreement shall state that the contingent commitment is
16 not an obligation of the Government and is subject to sub-
17 ject to the availability of appropriations made by Federal
18 law and to Federal laws in force on or enacted after the
19 date of the contingent commitment. Interest and other fi-
20 nancing costs of efficiently carrying out a part of the
21 project within a reasonable time are a cost of carrying out
22 the project under a full funding grant agreement, except
23 that eligible costs may not be more than the cost of the
24 most favorable financing terms reasonably available for
25 the project at the time of borrowing. The applicant shall



1 certify, in a way satisfactory to the Secretary, that the
2 applicant has shown reasonable diligence in seeking the
3 most favorable financing terms.

4 “(3)(A) The Secretary may make an early systems
5 work agreement with an applicant if a record of decision
6 under the National Environmental Policy Act of 1969 (42
7 U.S.C. 4321 et seq.) has been issued on the project and
8 the Secretary finds there is reason to believe—

9 “(i) a full funding grant agreement for the
10 project will be made; and

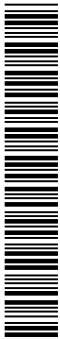
11 “(ii) the terms of the work agreement will pro-
12 mote ultimate completion of the project more rapidly
13 and at less cost.

14 “(B) A work agreement under this paragraph obli-
15 gates an amount of available budget authority specified
16 in law and shall provide for reimbursement of preliminary
17 costs of carrying out the project, including land acquisi-
18 tion, timely procurement of system elements for which
19 specifications are decided, and other activities the Sec-
20 retary decides are appropriate to make efficient, long-term
21 project management easier. A work agreement shall cover
22 the period of time the Secretary considers appropriate.
23 The period may extend beyond the period of current au-
24 thorization. Interest and other financing costs of effi-
25 ciently carrying out the work agreement within a reason-



1 able time are a cost of carrying out the agreement, except
2 that eligible costs may not be more than the cost of the
3 most favorable financing terms reasonably available for
4 the project at the time of borrowing. The applicant shall
5 certify, in a way satisfactory to the Secretary, that the
6 applicant has shown reasonable diligence in seeking the
7 most favorable financing terms. If an applicant does not
8 carry out the project for reasons within the control of the
9 applicant, the applicant shall repay all Government pay-
10 ments made under the work agreement plus reasonable in-
11 terest and penalty charges the Secretary establishes in the
12 agreement.

13 “(4) The total estimated amount of future obligations
14 of the Government and contingent commitments to incur
15 obligations covered by all outstanding letters of intent, full
16 funding grant agreements, and early systems work agree-
17 ments may be not more than the amount authorized under
18 section 24405 of this title, less an amount the Secretary
19 reasonably estimates is necessary for grants under this
20 section not covered by a letter. The total amount covered
21 by new letters and contingent commitments included in
22 full funding grant agreements and early systems work
23 agreements may be not more than a limitation specified
24 in law.



1 “(d) FEDERAL SHARE OF NET PROJECT COST.—

2 (1)(A) Based on engineering studies, studies of economic
3 feasibility, and information on the expected use of equip-
4 ment or facilities, the Secretary shall estimate the net
5 project cost.

6 “(B) A grant for the project shall not exceed the
7 specified percentage of the project net capital cost estab-
8 lished for the year the grant is approved, as follows:

9 “(i) 100 percent in the case of approval for
10 Year Two.

11 “(ii) 80 percent in the case of approval for Year
12 Three.

13 “(iii) 60 percent in the case of approval for
14 Year Four.

15 “(iii) 50 percent in the case of approval for
16 Year Five, and thereafter.

17 “(C) The Secretary shall give priority in allocating
18 future obligations and contingent commitments to incur
19 obligations to grant requests seeking a lower Federal
20 share of the project net capital cost.

21 “(2) Up to an additional 30 percent of project net
22 capital cost may be funded from amounts appropriated to
23 or made available to a department or agency of the Fed-
24 eral Government that are eligible to be expended for trans-
25 portation.



1 “(e) UNDERTAKING PROJECTS IN ADVANCE.—(1)

2 The Secretary may pay the Federal share of the net cap-
3 ital project cost to an applicant that carries out any part
4 of a project described in this section according to all appli-
5 cable procedures and requirements if—

6 “(A) the applicant applies for the payment;

7 “(B) the Secretary approves the payment; and

8 “(C) before carrying out the part of the project,
9 the Secretary approves the plans and specifications
10 for the part in the same way as other projects under
11 this section.

12 “(2) The cost of carrying out part of a project in-
13 cludes the amount of interest earned and payable on bonds
14 issued by the applicant to the extent proceeds of the bonds
15 are expended in carrying out the part. However, the
16 amount of interest under this paragraph may not be more
17 than the most favorable interest terms reasonably avail-
18 able for the project at the time of borrowing. The appli-
19 cant shall certify, in a manner satisfactory to the Sec-
20 retary, that the applicant has shown reasonable diligence
21 in seeking the most favorable financial terms.

22 “(3) The Secretary shall consider changes in capital
23 project cost indices when determining the estimated cost
24 under paragraph (2) of this subsection.



1 **“§ 24403. Project management oversight**

2 “(a) PROJECT MANAGEMENT PLAN REQUIRE-
3 MENTS.—To receive Federal financial assistance for a
4 major capital project under this chapter, an applicant
5 must prepare and carry out a project management plan
6 approved by the Secretary of Transportation. The plan
7 shall provide for—

8 “(1) adequate recipient staff organization with
9 well-defined reporting relationships, statements of
10 functional responsibilities, job descriptions, and job
11 qualifications;

12 “(2) a budget covering the project management
13 organization, appropriate consultants, property ac-
14 quisition, utility relocation, systems demonstration
15 staff, audits, and miscellaneous payments the recipi-
16 ent may be prepared to justify;

17 “(3) a construction schedule for the project;

18 “(4) a document control procedure and record-
19 keeping system;

20 “(5) a change order procedure that includes a
21 documented, systematic approach to handling the
22 construction change orders;

23 “(6) organizational structures, management
24 skills, and staffing levels required throughout the
25 construction phase;



1 “(7) quality control and quality assurance func-
2 tions, procedures, and responsibilities for construc-
3 tion, system installation, and integration of system
4 components;

5 “(8) material testing policies and procedures;

6 “(9) internal plan implementation and reporting
7 requirements;

8 “(10) criteria and procedures to be used for
9 testing the operational system or its major compo-
10 nents;

11 “(11) periodic updates of the plan, especially
12 related to project budget and project schedule, fi-
13 nancing, and ridership estimates; and

14 “(12) the recipient’s commitment to submit a
15 project budget and project schedule to the Secretary
16 each month.

17 “(b) SECRETARIAL OVERSIGHT.—(1) The Secretary
18 may use no more than 0.5 percent of amounts made avail-
19 able in a fiscal year for capital projects under this chapter
20 to enter into contracts to oversee the construction of such
21 projects.

22 “(2) The Secretary may use amounts available under
23 paragraph (1) of this subsection to make contracts for
24 safety, procurement, management, and financial compli-



1 ance reviews and audits of a recipient of amounts under
2 paragraph (1).

3 “(3) The Federal Government shall pay the entire
4 cost of carrying out a contract under this subsection.

5 “(c) ACCESS TO SITES AND RECORDS.—Each recipi-
6 ent of assistance under this chapter shall provide the Sec-
7 retary and a contractor the Secretary chooses under sub-
8 section (c) of this section with access to the construction
9 sites and records of the recipient when reasonably nec-
10 essary.

11 “(d) REGULATIONS.—The Secretary shall prescribe
12 regulations necessary to carry out this section. The regula-
13 tions shall include—

14 “(1) a definition of ‘major capital project’ for
15 this section;

16 “(2) a requirement that oversight begin during
17 the preliminary engineering stage of a project, un-
18 less the Secretary finds it more appropriate to begin
19 oversight during another stage of a project, to maxi-
20 mize the transportation benefits and cost savings as-
21 sociated with project management oversight;

22 “(3) a deadline by which all grant applications
23 for a fiscal year must be submitted that is early
24 enough to permit the Secretary to evaluate all timely
25 applications thoroughly before making grants;



1 “(4) a formula based on population, track miles
2 of railroad, and passenger miles traveled in the prior
3 fiscal year by which one-half of the funds appro-
4 priated for capital grants for each fiscal year are to
5 be allocated among the States;

6 “(5) a requirement that, if a State does not
7 timely apply for its share of formula grant funds
8 under paragraph (4) of this subsection, those funds
9 will be made available to other States under para-
10 graph (6) of this subsection; and

11 “(6) criteria by which the Secretary will allocate
12 one-half of the funds appropriated for capital grants
13 for each fiscal year, including at least projected rid-
14 ership, passenger rail and intermodal connections,
15 congestion and air quality mitigation, underserved
16 communities, and the effect of the grant on whether
17 existing service will continue.

18 **“§ 24404. Use of capital grants to finance first-dollar**
19 **liability of grant project**

20 “Notwithstanding the requirements of section 24402
21 of this title, the Secretary of Transportation may approve
22 the use of capital assistance under this chapter to fund
23 self-insured retention of risk for the first tier of liability
24 insurance coverage for rail passenger service associated
25 with the capital assistance grant, but the coverage may



1 not exceed \$20 million per occurrence or \$20 million in
2 aggregate per year.

3 **“§ 24405. Authorization of appropriations**

4 “There are authorized to be appropriated to make
5 capital financial assistance grants under this chapter, in-
6 cluding the Secretary’s expenses related thereto, the fol-
7 lowing amounts:

8 “(1) Such sums as may be necessary in Year
9 Two.

10 “(2) Such sums as may be necessary in Year
11 Three.

12 “(3) Such sums as may be necessary in Year
13 Four.

14 “(4) Such sums as may be necessary in Year
15 Five.

16 “(5) Such sums as may be necessary in Year
17 Six.”.

18 (b) CONFORMING AMENDMENTS.—(1) The table of
19 chapters for title 49, United States Code, is amended by
20 inserting the following after the item relating to chapter
21 243:

“244 Intercity Passenger Rail Service Capital Assistance24401.”.

22 (2) The chapter analysis for subtitle V of title 49,
23 United States Code, is amended by inserting the following
24 after the item relating to chapter 243:

“244 Intercity Passenger Rail Service Capital Assistance24401.”.



1 **SEC. 302. FINAL REGULATIONS ON APPLICATIONS BY**
2 **STATES FOR DEVELOPMENT GRANTS.**

3 Not later than June 1 of Year One, the Adminis-
4 trator of the Federal Railroad Administration shall issue
5 final regulations setting forth procedures for application
6 and minimum requirements for the award of grants on
7 and after the first day of Year Two, under chapter 244
8 of title 49, United States Code.

9 **SEC. 303. AUTHORITY FOR INTERSTATE COMPACTS FOR**
10 **CORRIDOR DEVELOPMENT.**

11 (a) CONSENT TO COMPACTS.—(1) Two or more
12 States with an interest in a specific form, route, or cor-
13 ridor of intercity passenger rail service (including high
14 speed rail service) may enter into interstate compacts to
15 implement the service, including—

16 (A) retaining an existing service or commencing
17 a new service;

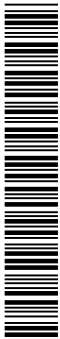
18 (B) assembling rights-of-way; and

19 (C) performing capital improvements,
20 including—

21 (i) the construction and rehabilitation of
22 maintenance facilities;

23 (ii) the purchase of rolling stock; and

24 (iii) operational improvements, including
25 communications, signals, and other systems.



1 (2) A compact entered into under the authority of
2 this section shall be submitted to Congress for its consent,
3 and it is the sense of Congress that rapid consent to the
4 Compact shall be a priority of Congress.

5 (b) FINANCING.—(1) An interstate compact estab-
6 lished by States under subsection (a) may provide that,
7 in order to carry out the compact, the States may—

8 (A) accept contributions from a unit of State or
9 local government or a person;

10 (B) use any Federal or State funds made avail-
11 able for intercity passenger rail service (except funds
12 made available for Amtrak);

13 (C) on such terms and conditions as the States
14 consider advisable—

15 (i) borrow money on a short-term basis
16 and issue notes for the borrowing; and

17 (ii) issue bonds; and

18 (D) obtain financing by other means permitted
19 under Federal or State law.

20 (2) Bonds and other indebtedness incurred under the
21 authority of this subsection shall under no circumstances
22 be backed by the full faith and credit of the United States.

